

STATE DOCUMENTS

Montana. Governor, 1921-1924

Message of governor Jos. M. Dixon

Mar. 5, 1921

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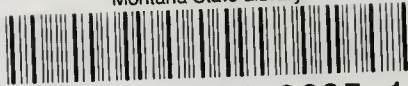
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MESSAGE
OF
GOVERNOR JOS. M. DIXON
TO THE
FIRST EXTRAORDINARY SESSION
OF THE SEVENTEENTH LEGISLATIVE
ASSEMBLY
OF THE
STATE OF MONTANA



1921

STATE PUBLISHING CO., HELENA, MONT



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GOVERNOR'S MESSAGE

Members of the Seventeenth Legislative Assembly:

The proclamation calling you into special session was issued by me with reluctance. But a knowledge of the critical condition of the state treasury on the day of adjournment of the regular session, coupled with the belief on my part that a fuller appreciation of the situation by you might lead to immediate action in bringing legislative relief, without the imposition of heavier tax levies this coming fall on the farms, homes and business interests of the state, determined my action. Knowing how difficult it is to give full consideration to matters of grave importance during a short legislative session, when we are all overwhelmed with an avalanche of bills covering the whole gamut of legislative action by the individual proposals from a combined membership of one hundred sixty-three legislators, I was of the belief that better work might be done and more intelligent conclusions arrived at in a few days of special session, when our work is limited to the consideration of these matters only.

I want first to congratulate you on the amount of real constructive legislation that was accomplished under the tremendous demand for time for the proper consideration of seven hundred bills that were introduced at the regular session. Of this great number, you finally passed three hundred fifty-seven, of which two hundred nineteen came to my desk during the last two days of the session and one hundred forty-seven on the last legislative day. The great wonder is that more errors and mistakes, both of judgment and fact, are not made under this kind of procedure.

The fear on my part that this hurried legislation during the closing days of the regular session might lead to serious errors on the part of both the executive and legislative branches of government, which could be cured during the few days of the special session, was also one of the impelling causes for convening this session.

DEFECTIVE LEGISLATION.

In confirmation of this fear on my part that grievous mistakes might have been made in some of these important measures that were enacted at the regular session, I have found, since the issuance of the proclamation calling you into extra session, that the bill to declare the oil pipe lines common carriers and placing them under the jurisdiction of the Railroad Commission is fatally defective. Section 11 of the bill will absolutely eliminate from the jurisdiction of the Montana Railroad Commission any oil pipe line that is or may be constructed in this State that passes over any acre of public land.

As a practical matter, no pipe line will be constructed that will not at some point in the line pass over public lands. The law as passed by you at the regular session defeats the very purpose intended. Under its provisions every oil producer in Montana will be at the mercy of the pipe line owners.

This matter is so urgent and important to the independent oil operators that I cannot too strongly urge upon you the importance of enacting a law that will make all pipe lines common carriers and brought under the jurisdiction of the Montana Railroad Commission.

Another fatal error has just been discovered in the provisions of the so-called Blue Sky Law. The bill, as passed by you, being apparently null and void, I suggest that you re-enact, if you shall so determine for the best, a measure that will cover the points at issue.

For your further information in the matter, I will call your attention to a communication just received by me from the Board of Railroad Commissioners.

Memorandum for the Governor:

In considering the merits of Senate Bill No. 103, introduced by Dearborn, namely the "Blue Sky Law," we desire to call your excellency's attention to these matters:

1. Section 1 creates an "Investment Commission" and makes the "Public Utilities Commission of the State of Montana" ex-officio such investment commission. There is no "Public Utilities Commission of the State of Montana." The act itself plainly recognizes, in Section 3, the Public Service Commission of Montana, which controls public utilities, *by its proper name*, and it would seem, consequently, that the designation of a non-existent "Public Utilities Commission" is a more or less purposeful piece of chicanery or legislative horseplay.

2. If, by strained and labored construction, the act should be held to relate to the "Public Service Commission of Montana," a peculiar situation is created by Section 3, which exempts from the operations of the act public or quasi-public corporations under the supervision of the Public Service Commission, and it will be remembered that the Public Service Commission as now constituted, has absolutely no express powers concerning, or supervision of, securities of public or quasi-public corporations under its jurisdiction. Hence there is created complete immunity for a very large class of corporations, the flotation of whose securities bear a vital relationship to the welfare of the public, such as pipe line companies engaged as common carriers, insurance companies which were held to be public or quasi-public corporations by the Supreme Court of the United States in *German Alliance Ins. Co. v. Kansas*, 233 U. S. 404, and all public service corporations. Perhaps this unsound discrimination between corporations is enough in and of itself to condemn the act as violative of the equal protection clause of the 14th Amendment.

3. Other fundamental defects might be pointed out, particularly the absence of any efficient system of examination of companies, of any provision for securing the accountants and experts necessary to administer the act, and of an appropriation for such administration, or at least the right to charge proper administrative expenses against the fees collected, but it is enough now to say that a comparison of this act with its antecedents, or purported antecedents, Ch. 164, Laws of Kansas, 1915, Sections 6373-1 to 6373-24 G. C. Ohio, and the House Bill of two years ago, will demonstrate the lamentable weaknesses of the present bill and exhibit how badly it has been butchered. True, the people of Montana need a Blue Sky Law, but this measure doesn't offer proper protection, and it is about time that joke laws be stricken out in this state.

4. The last minute amendments to the act whereby its execution was transferred from the State Auditor to the non-existent "Public Utilities Commission" of Montana have resulted in a number of unfortunate errors in the employment of language, in the use of the term "commissioner" where the word "commission" or "commissioners" should be used, making judicial or at least administrative construction and interpretation of almost every section indispensable.

5. The Board of Railroad Commissioners is already ex-

officio a Public Service Commission, Trade Commission for the Control of Public Mills, and an Irrigation Commission. Should a fifth commission so foreign to the other functions now performed by the Board be added to this group?

Respectfully submitted,

(Signed) BOARD OF RAILROAD COMMISSIONERS
OF THE STATE OF MONTANA,

LEE DENNIS, Chairman,
DANIEL BOYLE, Commissioner,
SAMUEL M. ROSS, Commissioner,
E. G. TOOMEY, Secretary.

It was my judgment that these things could be accomplished now, while we are already assembled at the seat of government, rather than by calling you into special session at a later date, when we would be confronted with a heavy charge of seven thousand dollars for mileage.

There are some matters of serious importance to the state that it was impossible for the whole legislative body to investigate with that degree of patient research that is necessary in the enactment of laws, which I am confident would have met with the approval of the majority of the legislature had the individual members had the time to have investigated all the facts in the case.

There are other matters not included in the proclamation, which I may feel it my duty to present for your consideration, should the session be not protracted to such a length as to forbid my doing so.

In the first place, I want to call to your earnest attention the serious condition of the state treasury, notwithstanding the revenue measures recently enacted.

The Auditor's office informs me that on February 28th there was an overdraft on the general fund of \$2,154,590. This does not include the heavy deficiency claims allowed by you during the last two days of the session, aggregating more than \$400,000 additional.

A statement was given to the press two or three days before the adjournment of the regular session by the chairman of the Senate Finance Committee, purporting to show that the new revenue measures which you have enacted would yield this year approximately \$2,457,000, and for the year 1922 approximately

\$2,732,000. This statement has been published in most of the daily newspapers of the state and pointed to in editorial utterances as an unanswerable argument that the state is now endowed with overwhelming revenues for liquidating its present indebtedness.

PROBABLE REVENUE.

As a matter of fact, the revenues from all these new measures will probably not exceed \$580,000 for the current year, and may not exceed \$750,000 for 1922.

In the aforesaid "financial statement" the sum of \$1,071,000 was included from "income tax," yet the income tax bill was defeated.

In this "financial statement" the revenue from the oil tax was figured at \$145,000, based on a 3 per cent tax, which was reduced to 1 per cent.

There has been so much misinformation as to the probable revenue from the oil tax, that I submit the following figures as to the real probable revenue that will be produced from a 1 per cent tax:

The present approximate production of 4,000 barrels per day at \$2 per barrel, on a 1 per cent basis, would yield \$80 per day, or \$29,200 for the year.

If the development should increase to 20,000 barrels per day, the entire revenue would only amount to \$146,000 per annum, one-half of which only, \$73,000, would go into the general fund.

Instead of the metals tax yielding \$250,000 for the current year, as set forth in the statement printed in the newspapers, a careful investigation reveals the fact that for the current year it cannot exceed \$60,000, and may fall considerably under that amount.

With the closest economy possible, the present indebtedness will probably approximate \$3,300,000 by tax-paying time next November, less the estimated amount that will be derived from the gasoline, coal and mines taxes.

The cement tax bill I was compelled to veto for the reason that I felt that the act imposed an excessive rate of license tax on this industry, as compared with the other license tax measures.

I confess that my conclusion was arrived at from the wholly inadequate information now available.

In all these important matters of revenue and taxation, Montana has, as yet, provided little or no machinery for acquiring the information that is so necessary for taking intelligent

action. But with the conviction on my part that it is as unjust to tax the big corporations in an unfair way as it would be to tax a small individual in an unfair way, I had no other recourse left than that of vetoing the act imposing the special tax on cement plants.

I feel that you should now remedy the matter in a way that will be fair both to the state and the cement companies, by the enactment of appropriate legislation.

INHERITANCE TAX

In my message to you at the opening of the regular session, I called your attention to an inheritance tax, which all modern theories of taxation recognize as the fairest of all taxes levied for the support of government. This form of taxation only takes from the person who never shed one drop of sweat or performed any act in the accumulation of the wealth that only is inherited by him under the protection of government.

I particularly called your attention to the inheritance tax law of Wisconsin, which is acknowledged by most students of the subject as the outstanding scientific type of an inheritance tax law. This law was worked out through a series of years by the Wisconsin Tax Commission. In its present form, it has been interpreted by the courts, which avoids the danger of judicial interpretation of any new inheritance tax law that we might enact. It contains the two basic fundamental principles of a just inheritance tax in this:

First. It recognizes the graded form of the tax in its application to the small and large estates.

Second. It recognizes the further fundamental theory that inheritance taxes should be paid to the state itself for the benefit of all of the people of the state, rather than to the immediate county in which the decedent resided.

Any inheritance tax law that does not recognize these two fundamental principles is defective.

A bill following the Wisconsin law was prepared and introduced in the House, but, unfortunately, the Committee on Taxation substituted, as they thought, "the California law." As an added proof of the impossibility of a legislative body, on its own initiative, working out scientific schedules of taxation, this so-called "California law" was passed by the House under the belief that it was a real inheritance tax law. As a matter of fact, the law in question was an old antiquated form of an inheritance tax law that had produced no results, and which the California Legislature had repealed some years ago. Fortu-

nately, the error was discovered in time by the Senate Committee on Taxation. That Committee did write in several amendments to the old "California law," but as the measure was finally enacted, it falls far short of a real inheritance tax law, as is now provided for in Minnesota, Colorado, New York, Massachusetts, and forty-one other progressive states.

Under the Wisconsin law, as proposed in my message to you at the regular session, the State of Montana would have reaped a perpetual source of income from the estates of decedents who lived outside of Montana. Under its provisions, we would have collected probably more than one hundred thousand dollars annually from foreign residents, who own stock in the great corporations whose property investments are in this state.

Under this provision of the Wisconsin law, the estate of the late James J. Hill paid as an inheritance tax on his, at that time, small holdings in the stock of the Great Northern Railway about six thousand dollars, a portion of that railroad line being within the State of Wisconsin. If the Wisconsin law had been in effect in Montana at the time of the death of Mr. Hill, the same proportion of the Great Northern Railway holdings in this state would have given Montana about twenty-five thousand dollars. As it was, Montana received not a single penny.

This same rule would apply to all holders of stock in the three great transcontinental railroad lines that run through our state, the Great Northern, the Northern Pacific, and the Milwaukee Railroads. It would also apply to any foreign holdings of stock in the Anaconda Mining Company, the Montana Power Company, and all other industrial corporations whose property interests are a part of the resources of Montana.

The Wisconsin law also provides against an avoidance of the inheritance tax by the transfer of property at any time within six years prior to death. I recall an estate of great magnitude in this state that entirely escaped any inheritance tax whatever because the decedent had made legal transfer of his property a few months prior to his death.

I sincerely hope that you may find it compatible with your judgment to enact at this special session the Wisconsin inheritance tax law for Montana. Its enactment would bring real relief to the over-burdened taxpayers of this state.

To show you how unfair would be the working of an inheritance tax law such as you have just passed, which gives to the county where the decedent may die, or the foreign stockholder has to make his returns on corporation tax, 40 per cent

of the entire revenue collected, I will cite you the records of last year.

Under the present so-called inheritance tax law of this state, foreign residents do make a very small tax return on stock transfers held in the Anaconda Copper Mining Company. This is for the reason that it is a Montana corporation, all the other corporations just mentioned being incorporated in other states.

Last year there was collected under our present inheritance tax law from all sources, including transfer of stocks owned by nonresident decedents, approximately	\$72,000
Of this amount the state received 60 per cent.....	44,000
The counties received 40 per cent.....	28,000
But the total of the \$72,000 thus collected from all sources, both residents and nonresidents, the tax on transfer of stocks of the Montana corporations, 95 per cent of which was from the Anaconda Copper Mining Company alone, amounted to about.....	30,000
On stock transfers, the state received.....	23,400
Deer Lodge County received.....	14,800
All of the other 53 counties of Montana received.....	800

Properties of the Anaconda Company, such as mines, timber lands, coal lands, railroads, smelters, etc., are situated in many counties of the state. The mere fact that the home office of the company was in Deer Lodge County turned \$14,800 of this amount into the county treasury of that county, with only \$800 scattered through the other 53 counties of the state.

OIL TAX

In my message to you at the regular session, I urged the extreme importance of the State of Montana taking a proper toll from the development of its great natural resource in mineral oil. Following the yardstick of measurement used in Oklahoma, I suggested 3 per cent of the gross returns from the oil wells. This seemed to me a fair tax for the reason that the person or corporation that drilled a well and found no oil would not be penalized for any tax, while for the person or corporation that was successful in finding oil, the 3 per cent proposed would in reality be a bagatelle.

All of us are aware of the oil lobby that has been present in Helena, protesting against the 3 per cent levy and suggesting that the whole matter be left open until the regular session two years from this time. The argument has been made, both by

individuals and through newspapers "that an infant industry would be killed" should Montana demand this small pittance from its own oil resources to build up the common school fund of the state. The argument has also been advanced by persons and newspapers that Montana will receive $37\frac{1}{2}$ per cent of the amount of royalty collected by the federal government from that portion of Montana's oil lands, the title to which was retained by the federal government. It is also urged that the state will receive $12\frac{1}{2}$ per cent royalty on its own lands which have been leased for oil development. They forget that the $12\frac{1}{2}$ per cent provided for in the lease of state lands is exactly the same royalty paid private owners.

The oil tax proposed to you at the beginning of the regular session was not in the nature of a royalty, but in the nature of a specific license tax applicable to all oil production, for the benefit of the public school fund of Montana.

I am satisfied that in order to avoid the constitutional mandate that all license fees must be levied with equal regularity, the only safe plan is to levy a flat license tax on oil production alike, whether it be from state-owned lands, privately owned lands or where the oil rights were retained by the federal government.

The House of Representatives passed the bill fixing the rate at 3 per cent on the gross output, but the Senate amendment reduced the rate to 1 per cent. This same session of the Legislature fixed a license fee of 4 per cent on the gross proceeds of express companies. Our present statute takes 2 per cent of the gross receipts of life insurance companies, where the money has been paid in to protect the widows and orphans. Surely this Legislature should not finally adjourn without at least doubling the license fee for oil production, which will then only equal the amount we now take from our life insurance premiums each year for the support of state government. In saying this, I am further aware of the fact that a great number of persons and newspapers, representing the oil interests, will again protest most strenuously against increasing the 1 per cent tax, but I am sure that the people of this state will ratify your action in increasing the amount now fixed with an overwhelming voice. I cannot but feel that we would all be derelict in our duty in preserving to the children of this state their heritage to the public schools this small portion of one of our natural resources that will soon be exhausted forever. Notwithstanding all statements to the contrary, this license tax on oil will not stop a single drill tap for the development of the industry.

PERNICIOUS LOBBYING.

On authority of several reputable business men of Billings, who were present and heard the statement made, I now assert:

That on last Saturday noon, in the tea room of The Northern Hotel in that city, the chief of the oil lobby, who, I understand, is closely connected with one of the larger oil interests and who has spent much time here in Helena during the regular session in active lobbying against the bill to levy a license tax on oil production for the benefit of the common school fund of the state, said in substance to them:

“In order to defeat the proposed 3 per cent rate on oil, I arranged a trade with the opponents of the tax commission bill in the Senate, and traded five votes against the tax commission bill in exchange for five votes for a 1 per cent oil tax.”

This action on the part of this man, if true, constitutes the crime of bribery, under the criminal code of this state.

Section 8199 provides:

“Every person who corruptly solicits directly or indirectly the official action of any member of the legislative assembly or of any public officer of the state, or of any municipal division thereof, is guilty of the occupation and practice of solicitation of bribery, and is punishable in the state prison not less than one nor more than ten years.”

I respectfully refer this matter to the attention of the County Attorney of Lewis and Clark County and to the Attorney General of the State for such action as they shall find proper.

ABOLISHING JUDGESHIPS

This special session can save to the state during the ensuing quadrennium \$80,000, probably five times the cost of the special session, by taking immediate action in regard to abolishing one of the three judgeships in the Fourth Judicial District and one of the two judgeships in the Fifth Judicial District. From what I believe to be a real knowledge of the condition in both of these districts, this action should be taken at this time.

I sincerely hope the special session will not adjourn and force me to appoint a second and wholly unnecessary judge in the Fifth District, the omission of which action alone will cost Montana \$40,000 during the four-year term for which judges are elected.

TUBERCULOSIS SANITARIUM

The annual economic waste from tuberculosis in Montana, at a most conservative estimate, "approximates one and three-fourths millions" is the statement of the General Manager of the Montana Life Insurance Company.

The State Board of Health estimated that there are no less than five thousand Montanans actively infected with tuberculosis, hundreds of whom can be saved to useful citizenship if supplied with timely aid and advice.

For your information regarding the urgent needs of the Tuberculosis Sanitarium at Galen, I herewith submit a letter addressed to me by Doctor Vidal, the Superintendent:

"Galen, Montana, March 5, 1921.

"Hon. J. M. Dixon, Governor,
State of Montana,
Helena, Montana.

"Dear Governor Dixon:

"As the question of the Galen appropriation is at present a matter of legislative consideration, I have thought it best at this time to submit to you my views on the situation, based upon an experience gained as Superintendent of the institution for the past two years.

"Galen, due to the opening of the new hospital this week, is increasing its capacity 80 per cent. For the months of March, April, May and June of this year, House Bill 176 provides \$22,469 for salaries and expenses of operation as against \$28,333 for similar periods during the past two years. The increase paid by counties of \$2 per week for seventeen weeks on a capacity basis adds \$4,692 to this sum, but even with this addition it only totals \$27,161. Hence the institution is supposed to function for four months with an 80 per cent increase in capacity for \$1,162 less money. This is obviously an impossible situation.

"House Bill 391 provides for the year July 1, 1921, to July 1, 1922, the sum of \$95,000 for maintenance and the sum of \$5,000 for building. For the year 1922-23 the sum of \$95,000 for maintenance and \$15,000 for building.

"These maintenance appropriations provide an adequate sum for the mere *existence* of Galen for the period stated. The building appropriations are sufficient to provide the accommodation required for the added help that completed expansion calls for.

"Galen, as an institution, cannot be allowed to stand still. An appropriation that provides for its bare existence,

as does the present one, must in the final analysis mean retrogression. As the matter at present stands, sufficient money has been provided for existence only. No provision has been made for any form of amusement or recreation. No added kitchen and dining room facilities are allowed. We can worry along on the present ones, but they are old, insanitary and act continually as a major handicap for efficiency.

“It should be borne in mind that the tubercular sufferer is, by reason of his affliction, a constant prey to morbid discontent. It might almost be said that the disease is mental as well as physical. Treatment of the mind by means of rational amusement and recreation, is essentially necessary in order to secure good results. A temporary wave of discontent, at present prevalent among the patients, is directly traceable to our lack of amusement facilities. A fine moving picture machine, the gift of private benevolence, has only a temporary home in a small dining room.

“A very splendid library, gathered together with much effort by the women of the state, and now numbering over two thousand volumes, has to be housed in the disused furnace room of the old hospital building. The appropriation asked for magazines and periodicals could not be allowed. The appropriation for religious services was reduced from \$100 to \$25.

“These specific instances are given to show the handicap under which we will be compelled to function. The only proper accommodation that we have for women is that provided by the Walsh Memorial Building. Seventy-five per cent of the construction cost of this building was borne by private individuals.

“Most important of all, however, is the fact that with the money now available we will be unable to make any provision for the care of children. Not a week passes but Galen receives requests, often pathetic, that some suffering child be sent to us for care. There have been over twenty such since the first of the year, but to all there is no alternative but a refusal. General hospitals do not want these cases. Where are they to go? In this connection I quote from a letter of the State Epidemiologist, Dr. John J. Sippy, a copy of which is enclosed for reference.

“The vast majority of lesions in children, under proper treatment, can be arrested or cured, and since it is generally conceded that fully 90 per cent of all infections are

acquired in childhood, it would seem that the state and other agencies should direct their major efforts to secure treatment facilities for this group. Unless such is done, we cannot hope for any great decline in deaths in the adults during the next twenty years.'

"There are upwards of 500 cases of active tuberculosis among children in Montana. Are they to be refused their chance for escape from chronic-invalidism or death?

"The tuberculosis problem is not an ordinary problem of contagious disease. It is to a great extent a social problem, a problem of good wages, good hours, good working conditions and good homes. No better contribution to the public welfare can be made, no better remedy for discontent can be found, than for the state to expend adequate amounts in the care and study of this disease. The sanitarium must ever be the hub of our anti-tubercular activities. Results obtained there cannot be altogether measured in terms of dollars and cents. They must rather be considered from the broad viewpoint of helpful social service.

"I am enclosing copies of data bearing on the incidence of tuberculosis in the state, together with estimates of its economic cost.

"In summary, I would ask that our capital expenditures be allowed as asked for in our original budget request, so that we be enabled to make some provision for afflicted children of the state, provide for our amusement hall and install a new and up-to-date kitchen and dining room.

Respectfully,

(Signed)

CHARLES E. K. VIDAL, M. D.,
Superintendent M. S. T. S."

In view of this statement as to the immediate explicit needs of the Galen Hospital, I hope you will be able to find some method of giving further relief than that extended in the appropriation bill just passed.

ENFORCING THE LIQUOR LAWS

Notwithstanding the failure of the House and Senate to agree on the details of the proposed legislation, as originally embraced in House Bills 75 and 54, I again urge upon you the necessity of giving the Attorney General such additional legislation as your good judgment dictates for the better enforcement of the laws dealing with the illicit traffic in intoxicating liquors.

TAX COMMISSION

Facing a most serious situation in the matter of the equitable distribution of the burden of taxation and with a knowledge on our part of the unequal and inequitable assessment of the twenty-five millions of dollars that are levied in taxes for the support of state, county, city and school district governments, and in view of the further fact that this Legislature in enacting the new revenue measures for the collection of the oil, metal, coal, gasoline and express company license taxes, has provided no adequate machinery for their collection, without which the collection of these taxes will result in the loss of great revenue to the state, I again urge upon your sober second consideration the necessity for giving the State Board of Equalization, upon whom is placed the burden of seeing that these taxes are collected, some suitable kind of machinery for carrying on the added work and responsibility.

Under the provisions of the new law relative to the coal mining license tax, the whole matter is turned over to the State Board of Equalization. The same provision applies to the cement tax, the oil license tax, the gasoline tax, and the metal mines tax. Surely the Legislature should not adjourn without giving the State Board of Equalization the machinery with which to function.

During the regular session I called your attention to the fact that under the present system of levying taxes by 54 different assessors in this state last year, in one small item of furniture, musical instruments, jewelry, plate and precious stones, under the loose and wholly inefficient method now in vogue, the 51 assessors last year levied 51 widely varying per capita percentages, ranging all the way from \$84.54 per capita in Park County to \$13.30 in Silver Bow County.

In other words, if the entire assessment of this one small item of property had been based on the Park County measure of value there would have been found last year in Montana for taxation purposes \$46,293,000 worth of that kind of property. If the assessment had been based on the Silver Bow method of assessment there would have been only \$7,282,000 of that kind of property.

Under our present lack of systematic assessment, occasioned almost entirely by our failure to provide a tax commission acting under the direction of the State Board of Equalization, the citizens of Park County on this class of property paid an average per capita tax nearly seven times as great as did the citizens of Silver Bow County.

The House passed a tax commission bill, but when it came up for action in the Senate it was met by probably the most

powerful opposition lobby ever assembled in Helena, and its defeat was accomplished.

By legislative maneuver this most important measure was not even given the benefit of inquiry or discussion during its consideration by the Senate.

COMPARATIVE COST

One of the arguments against the tax commission was its cost. At the same time the Senate committee proposed to appropriate, directly and indirectly, for the purpose of appointing special agents to make investigations, a sum equal to what the tax commission would have cost. The other plan involved investigations with no real power to take action. The tax commission plan involves a judicial determination of all these motted questions by a permanent body of men in whom the state would have confidence and whose conclusions, based on patient investigation and supervision, would carry moral conviction to everyone as to the equities involved.

Another story that has been given industrious circulation among the bankers is that, under mysterious inquisitorial powers, private bank accounts would be examined into. Nothing could be farther from the truth. No such powers were ever contemplated by any tax commission in any of the 32 states that now have such commissions.

I wanted a tax commission in order to bring peace to the state. For years we have lived in an atmosphere of suspicion and distrust. It has been charged and believed by many people that certain great interests have not carried their part of the burden of taxation. Just as vehemently have these same interests insisted that they have borne more than their just quota.

A legislative body cannot settle these involved tax schedules, for the simple reason that we do not have the assembled facts on which to base intelligent decision.

I know that some of the great corporate interests of the state—not all of them—seem to fear a tax commission. As a matter of fact, I personally hoped for the creation of a tax commission in order to avoid any unfair, ill-timed and uninformed action that can be taken against these very interests, at any time, through initiated laws that might deal unjustly with these great industries, that all good citizens want to protect in every legitimate way.

My attention has been called to two editorial utterances by two different newspapers, owned or controlled by great corporate interests, printed in two different cities of the state, one in Missoula the other in Butte—that on the same day, March 5, in denouncing the calling of an extra session of the

Legislature, called upon you to oppose the creation of a tax commission "until hell freezes over"—both using the same identical phrase just quoted. It has been my experience, as a student of history, that the far better plan is to settle all great questions in a spirit of investigation and judicial determination, rather than to approach them in that spirit of opposition "until hell freezes over." As I recall it, the old Bourbon dynasty of France opposed all attempts of the French people to redress their wrongs in the matter of unjust taxation in the same identical spirit as is now evidenced by these two newspapers in question, with the result that Louis XVI lost his head and his crown. The same spirit animated George III in his dealings with the American colonies over the same question of taxation, and with similar disastrous consequences to himself.

I have faith to believe that this special session, unimpeded by the mass of legislation that has so fully consumed your time, will approach this question in a spirit of real investigation, and looking to a sane solution of this vexed question.

I have no mental reservation but that the overwhelming majority of the Legislature wants to work out these questions in a spirit of fairness and looking only for the truth in the matters involved. I believe that after the three days of rest and recuperation all of us will approach the task in that spirit of public service to the state and without regard to any special interest involved.

There are other matters that might well be brought to your attention, but I will not at this time burden you with any additional measures which it becomes my duty under the provisions of the constitution to suggest.

In calling this short special session, I again repeat, I have done so only in the hope that we might, as co-ordinate branches of the same government, and endowed with the same constitutional responsibilities, work together for the accomplishment of the general welfare of the people of Montana.

Certainly the question of partisanship is not involved. Surely no person can be so unmindful of the higher duties involved as to allow personalities to becloud his judgment or ulterior purpose to influence his action.

In all our deliberations in the next few days, let us again recall the admonition of that patient, self-sacrificing American that this is a government "of the people, by the people, and for the people," and that whenever we shall have departed from that theory of public conduct this government will, surely, soon "perish from the face of the earth."

I thank you.

JOS. M. DIXON, Governor.

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